
MITIGATING THE IMPACTS OF CONSOLIDATION EFFORTS

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Regionalization “Rule of Three”

**No tenant should do what a host
can do more cost effectively**

**No host should do what a complex
can do more cost effectively**

**No complex should do what the
surrounding community can do
more cost effectively**

Proposal Overview

- Consolidation recognized as a tremendous benefit
- Changes present challenges to organization's
 - Customer service
 - Corporate knowledge and creativity
 - Productivity and readiness
- Mitigation ideas for consolidation planners

PWC-FISC Case Study

- Material Department Transition
 - Reorganize its Material Support business line
 - Deliver quality service support across the organization with less internal management resources.
 - Reduce shore installation operating budgets by delivering services centered on core competencies.
- Regionalization Environment
 - Deliver world-class support to our Forward Deployed Naval Forces
 - Properly align regional resources
 - Center operations on core competencies
 - Maximo/U2 interface/Residual Asset Management
 - Provide 24/7 logistics solutions

PWC-FISC Case Study

- Proposal
 - Planning, coordination and management of material/supply function to ensure customer support and economy of operations.
 - Procurement, Inventory, Supply Operations, Material Management
- Consolidated Industrial Support Department
 - Provide a cost savings and additional efficiencies while maintaining or improving the level of supply support
 - Significant reduction in PWC overhead
 - Manpower reorganization
 - Simplify the material function for the PWC customer

Customer Service Strategy

- Impact from consolidation
 - Confusion, miscommunication, loss of service
 - Determining need for customer interaction
 - Who controls function?
 - Who is the customer?
 - Can smaller unit service customer?
 - Can single liaison service customer?
 - Can “virtual” storefront (IT) service customer?
 - Can streamlined process compensate for reduced staff?
 - Case Study Comparison
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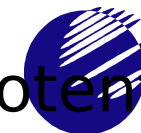
Knowledge/Creativity Strategy

- Knowledge capital and creativity
 - One of organization's most important assets
 - Does not reside exclusively in the heads of employees.
 - Must be protected cultivated and shared
 - How to retain:
 - Mentoring/Coaching
 - Sharing Best Practices
 - Sharing Lessons Learned
 - Documentation
-

Transition Strategy

- Significant changes require time to adjust
- Short Duration Transition
 - Applicable to simple transitions
 - Realize benefits sooner
 - Highly effective for implementing a new IT
 - PWC/FISC example
 - Minor organizational/process change
 - Immediate functioning with the new process

AMP Immediate benefits from potential



Transition Strategy

- Phased/Long Duration Transition
 - Planned and allow for training/adaption
 - Minimize the loss of productivity
 - Consolidation scenario
 - Remote locations are to be organized under a regional command
 - Changes to chain of command, organizational staffing, processes

Transition Strategy

- Stages
 - 1) Adapt to new command structure
 - 2) Implement process changes
 - 3) Implement applicable staffing reductions/relocations
 - Example of Claimant Consolidation of Housing function
 - Initial “as-is, where-is” policy
 - Time to adapt to processes changes
 - Functionality assessment to drive staff reductions
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Wrap Up

- Customer Service Strategy – How will customer service be maintained during and after the consolidation effort?
 - Need for customers to interact in person?
 - Will virtual storefront work?
 - Can process streamlining meet customer needs?
- Strategy to Retain Corporate Knowledge and Creativity – How will the consolidation affect our human resources?
 - How can an over-the-horizon office be effectively supported by a consolidated main office?
 - How can knowledge loss from staff reductions be mitigated?
- What knowledge/jobs must be retained?

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Wrap Up

- Transition Strategy – How will the consolidation effort be implemented to minimize impacts to productivity and customer service?
 - Consideration for
 - process changes,
 - customer interaction,
 - personnel changes,
 - concurrent/non-concurrent changes

Wrap Up

General Regionalization Lessons for Success:

- Develop/use same set of guidelines/standards
- Streamline central functions but leave day-to-day functions at activity level
- Standardization of quality across the region... locations previously overlooked not get attention
- Share best practices so other regions can benefit
- Out-sourcing...right-sourcing because a sourcing decision should be made only after applying sound business analysis
- Top management commitment

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